



**HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2006  
OF THE CONDITION AND AFFAIRS OF THE**

**Priority Health Government Programs, Inc.**

NAIC Group Code 3383 3383 NAIC Company Code 11520 Employer's ID Number 32-0016523  
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Dental Service Corporation [ ]  
Vision Service Corporation [ ] Other [ ] Health Maintenance Organization [ X ]  
Hospital, Medical & Dental Service or Indemnity [ ] Is HMO, Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized 06/03/2002 Commenced Business 10/01/2002

Statutory Home Office 1231 East Beltline NE, Grand Rapids, MI 49525-4501  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1231 East Beltline  
(Street and Number)  
Grand Rapids, MI 49525-4501 616-464-8325  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1231 East Beltline NE, Grand Rapids, MI 49525-4501  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1231 East Beltline  
(Street and Number)  
Grand Rapids, MI 49525-4501 616-464-8926  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.priority-health.com

Statutory Statement Contact Kristy L. Shoemaker 616-464-8926  
(Name) (Area Code) (Telephone Number) (Extension)  
Kristy.Shoemaker@priority-health.com 616-942-7916  
(E-mail Address) (FAX Number)

Policyowner Relations Contact 1231 East Beltline NE  
(Street and Number)  
Grand Rapids, MI 49525-4501 888-975-8102  
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

**OFFICERS**

Name	Title	Name	Title
<u>Kimberly K Horn</u>	<u>Chief Executive Officer</u>	<u>Marc Kole #</u>	<u>Interim Chief Financial Officer</u>
<u>Judith W Hooyenga</u>	<u>Secretary</u>		

**OTHER OFFICERS**

<u>James F Byrne</u>	<u>Vice President</u>		
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**DIRECTORS OR TRUSTEES**

<u>Marc Kole #</u>	<u>Kimberly K Horn</u>	<u>James S Slubowski #</u>	<u>James F Byrne</u>
<u>Neill P Gage #</u>			

State of Michigan  
County of Kent

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn  
Chief Executive Officer

Marc Kole  
Interim Chief Financial Officer

Judith W Hooyenga  
Secretary

Subscribed and sworn to before me this  
28th day of February, 2007

- a. Is this an original filing? Yes [ X ] No [ ]  
b. If no,  
1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

Cheryl Britcher  
Executive Administrative Assistant  
12/30/2011











**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**EXHIBIT 7 PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS**

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups .....	.0	.0.0		.0.0		
2. Intermediaries .....	.0	.0.0		.0.0		
3. All other providers .....	29,691,786	36.5		.0.0	29,691,786	
4. Total capitation payments .....	29,691,786	36.5	.0	.0.0	29,691,786	.0
Other Payments:						
5. Fee-for-service .....	6,666,481	8.2	XXX	XXX		6,666,481
6. Contractual fee payments .....	.0	.0.0	XXX	XXX		
7. Bonus/withhold arrangements - fee-for-service .....	.0	.0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments .....	44,922,288	55.3	XXX	XXX	44,922,288	
9. Non-contingent salaries .....	.0	.0.0	XXX	XXX		
10. Aggregate cost arrangements .....	.0	.0.0	XXX	XXX		
11. All other payments .....	.0	.0.0	XXX	XXX		
12. Total other payments .....	51,588,769	63.5	XXX	XXX	44,922,288	6,666,481
13. Total (Line 4 plus Line 12)	81,280,555	100 %	XXX	XXX	74,614,074	6,666,481

**EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES**

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
<b>NONE</b>					
9999999 Totals			XXX	XXX	XXX

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**EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED**

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment .....	<b>NONE</b>					
2. Medical furniture, equipment and fixtures .....						
3. Pharmaceuticals and surgical supplies .....						
4. Durable medical equipment .....						
5. Other property and equipment						
6. Total	0	0	0	0	0	0



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Priority Health Government Programs, Inc.

2.

(LOCATION)

NAIC Group Code	3383	BUSINESS IN THE STATE OF Michigan		DURING THE YEAR 2006									NAIC Company Code		11520
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other		
		2 Individual	3 Group												
<b>Total Members at end of:</b>															
1. Prior Year .....	46,828	1,148							45,680						
2. First Quarter .....	47,410	1,135							46,275						
3. Second Quarter .....	47,320	1,136							46,184						
4. Third Quarter .....	48,645	1,143							47,502						
5. Current Year .....	49,730	1,113							48,617						
6. Current Year Member Months	578,886	13,552							565,334						
<b>Total Member Ambulatory Encounters for Year:</b>															
7. Physician .....	354,968	4,794							350,174						
8. Non-Physician .....	9,625	130							9,495						
9. Total	364,593	4,924	0	0	0	0	0	0	359,669	0	0	0	0		
10. Hospital Patient Days Incurred	14,891	17							14,874						
11. Number of Inpatient Admissions	4,228	9							4,219						
12. Health Premiums Written .....	91,423,802	1,076,217							90,347,585						
13. Life Premiums Direct .....	0														
14. Property/Casualty Premiums Written .....	0														
15. Health Premiums Earned .....	91,267,243	1,074,374							90,192,869						
16. Property/Casualty Premiums Earned .....	0														
17. Amount Paid for Provision of Health Care Services .....	81,280,555	843,487							80,437,068						
18. Amount Incurred for Provision of Health Care Services	79,936,507	845,062							79,091,445						

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

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ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Priority Health Government Programs, Inc.

2.

(LOCATION)

NAIC Group Code	3383	BUSINESS IN THE STATE OF Consolidated		DURING THE YEAR 2006									NAIC Company Code		11520
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other		
		2 Individual	3 Group												
<b>Total Members at end of:</b>															
1. Prior Year .....	46,828	1,148	0	0	0	0	0	0	45,680	0	0	0	0		
2. First Quarter .....	47,410	1,135	0	0	0	0	0	0	46,275	0	0	0	0		
3. Second Quarter .....	47,320	1,136	0	0	0	0	0	0	46,184	0	0	0	0		
4. Third Quarter .....	48,645	1,143	0	0	0	0	0	0	47,502	0	0	0	0		
5. Current Year .....	49,730	1,113	0	0	0	0	0	0	48,617	0	0	0	0		
6. Current Year Member Months	578,886	13,552	0	0	0	0	0	0	565,334	0	0	0	0		
<b>Total Member Ambulatory Encounters for Year:</b>															
7. Physician .....	354,968	4,794	0	0	0	0	0	0	350,174	0	0	0	0		
8. Non-Physician .....	9,625	130	0	0	0	0	0	0	9,495	0	0	0	0		
9. Total	364,593	4,924	0	0	0	0	0	0	359,669	0	0	0	0		
10. Hospital Patient Days Incurred	14,891	17	0	0	0	0	0	0	14,874	0	0	0	0		
11. Number of Inpatient Admissions	4,228	9	0	0	0	0	0	0	4,219	0	0	0	0		
12. Health Premiums Written .....	91,423,802	1,076,217	0	0	0	0	0	0	90,347,585	0	0	0	0		
13. Life Premiums Direct .....	0	0	0	0	0	0	0	0	0	0	0	0	0		
14. Property/Casualty Premiums Written .....	0	0	0	0	0	0	0	0	0	0	0	0	0		
15. Health Premiums Earned .....	91,267,243	1,074,374	0	0	0	0	0	0	90,192,869	0	0	0	0		
16. Property/Casualty Premiums Earned .....	0	0	0	0	0	0	0	0	0	0	0	0	0		
17. Amount Paid for Provision of Health Care Services .....	81,280,555	843,487	0	0	0	0	0	0	80,437,068	0	0	0	0		
18. Amount Incurred for Provision of Health Care Services	79,936,507	845,062	0	0	0	0	0	0	79,091,445	0	0	0	0		

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

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Schedule A - Verification

**NONE**

Schedule B - Verification

**NONE**

Schedule BA - Verification

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**SCHEDULE D - PART 1A - SECTION 1**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>1. U.S. Governments, Schedules D &amp; DA (Group 1)</b>											
1.1 Class 1	8,861,901	.0	.0	.0	.0	8,861,901	100.0	8,546,140	100.0	8,861,901	.0
1.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
1.7 Totals	8,861,901	0	0	0	0	8,861,901	100.0	8,546,140	100.0	8,861,901	0
<b>2. All Other Governments, Schedules D &amp; DA (Group 2)</b>											
2.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. States, Territories and Possessions etc., Guaranteed, Schedules D &amp; DA (Group 3)</b>											
3.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D &amp; DA (Group 4)</b>											
4.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, Schedules D &amp; DA (Group 5)</b>											
5.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

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**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>6. Public Utilities (Unaffiliated), Schedules D &amp; DA (Group 6)</b>											
6.1 Class 1 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.2 Class 2 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.3 Class 3 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.4 Class 4 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.5 Class 5 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.6 Class 6 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), Schedules D &amp; DA (Group 7)</b>											
7.1 Class 1 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.2 Class 2 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.3 Class 3 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.4 Class 4 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.5 Class 5 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.6 Class 6 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>8. Credit Tenant Loans, Schedules D &amp; DA (Group 8)</b>											
8.1 Class 1 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.2 Class 2 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.3 Class 3 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.4 Class 4 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.5 Class 5 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.6 Class 6 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>9. Parent, Subsidiaries and Affiliates, Schedules D &amp; DA (Group 9)</b>											
9.1 Class 1 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.2 Class 2 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.3 Class 3 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.4 Class 4 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.5 Class 5 .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.6 Class 6 .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations**

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>10. Total Bonds Current Year</b>											
10.1 Class 1	8,861,901	.0	.0	.0	.0	8,861,901	100.0	XXX	XXX	8,861,901	.0
10.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.7 Totals	8,861,901	.0	.0	.0	.0	8,861,901	100.0	XXX	XXX	8,861,901	.0
10.8 Line 10.7 as a % of Col. 6	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
<b>11. Total Bonds Prior Year</b>											
11.1 Class 1	8,546,140	.0	.0	.0	.0	XXX	XXX	8,546,140	100.0	8,546,140	.0
11.2 Class 2	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.3 Class 3	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	8,546,140	.0	.0	.0	.0	XXX	XXX	8,546,140	100.0	8,546,140	.0
11.8 Line 11.7 as a % of Col. 8	100.0	0.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
<b>12. Total Publicly Traded Bonds</b>											
12.1 Class 1	8,861,901	.0	.0	.0	.0	8,861,901	100.0	8,546,140	100.0	8,861,901	XXX
12.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.7 Totals	8,861,901	.0	.0	.0	.0	8,861,901	100.0	8,546,140	100.0	8,861,901	XXX
12.8 Line 12.7 as a % of Col. 6	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	.0	.0	.0	.0	.0	.0	XXX	XXX	XXX	XXX	.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$ .....0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
 (b) Includes \$ .....0 current year, \$ .....0 prior year of bonds with Z designations and \$ .....0 prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
 (c) Includes \$ .....0 current year, \$ .....0 prior year of bonds with 5\* designations and \$ .....0 current year, \$ .....0 prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

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**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**SCHEDULE D - PART 1A - SECTION 2**

**Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues**

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>1. U.S. Governments, Schedules D &amp; DA (Group 1)</b>											
1.1 Issuer Obligations	8,861,901	0	0	0	0	8,861,901	100.0	8,546,140	100.0	8,861,901	0
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
1.7 Totals	8,861,901	0	0	0	0	8,861,901	100.0	8,546,140	100.0	8,861,901	0
<b>2. All Other Governments, Schedules D &amp; DA (Group 2)</b>											
2.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
2.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
2.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. States, Territories, and Possessions Guaranteed, Schedules D &amp; DA (Group 3)</b>											
3.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
3.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
3.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
3.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D &amp; DA (Group 4)</b>											
4.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
4.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
4.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
4.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, Schedules D &amp; DA (Group 5)</b>											
5.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
5.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
5.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
5.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
5.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>6. Public Utilities (Unaffiliated), Schedules D &amp; DA (Group 6)</b>											
6.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.2 Single Class Mortgage-Backed/Asset-Based Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), Schedules D &amp; DA (Group 7)</b>											
7.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.2 Single Class Mortgage-Backed/Asset-Based Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>8. Credit Tenant Loans, Schedules D &amp; DA (Group 8)</b>											
8.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>9. Parents, Subsidiaries and Affiliates, Schedules D &amp; DA (Group 9)</b>											
9.1 Issuer Obligations .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Single Class Mortgage-Backed/Asset-Based Securities .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Other .....	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

**Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues**

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>10. Total Bonds Current Year</b>											
10.1 Issuer Obligations	8,861,901	0	0	0	0	8,861,901	100.0	XXX	XXX	8,861,901	0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	8,861,901	0	0	0	0	8,861,901	100.0	XXX	XXX	8,861,901	0
10.8 Line 10.7 as a % of Col. 6	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
<b>11. Total Bonds Prior Year</b>											
11.1 Issuer Obligations	8,546,140	0	0	0	0	XXX	XXX	8,546,140	100.0	8,546,140	0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.3 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.5 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.6 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.7 Totals	8,546,140	0	0	0	0	XXX	XXX	8,546,140	100.0	8,546,140	0
11.8 Line 11.7 as a % of Col. 8	100.0	0.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
<b>12. Total Publicly Traded Bonds</b>											
12.1 Issuer Obligations	8,861,901	0	0	0	0	8,861,901	100.0	8,546,140	100.0	8,861,901	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.7 Totals	8,861,901	0	0	0	0	8,861,901	100.0	8,546,140	100.0	8,861,901	XXX
12.8 Line 12.7 as a % of Col. 6	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.3 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.5 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.6 Other	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS**

**Short-Term Investments**

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year .....	8,546,140	8,546,140	0	0	0
2. Cost of short-term investments acquired .....	17,962,853	17,962,853	0	0	0
3. Increase (decrease) by adjustment .....	116,099	116,099	0	0	0
4. Increase (decrease) by foreign exchange adjustment .....	0	0	0	0	0
5. Total profit (loss) on disposal of short-term investments .....	0	0	0	0	0
6. Consideration received on disposal of short-term investments .....	17,763,191	17,763,191	0	0	0
7. Book/adjusted carrying value, current year .....	8,861,901	8,861,901	0	0	0
8. Total valuation allowance .....	0	0	0	0	0
9. Subtotal (Lines 7 plus 8) .....	8,861,901	8,861,901	0	0	0
10. Total nonadmitted amounts .....	0	0	0	0	0
11. Statement value (Lines 9 minus 10) .....	8,861,901	8,861,901	0	0	0
12. Income collected during year .....	320,867	320,867	0	0	0
13. Income earned during year .....	375,035	375,035	0	0	0

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: .....

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Schedule DB - Part A - VBY

**NONE**

Schedule DB - Part B - VBY

**NONE**

Schedule DB - Part C - VBY

**NONE**

Schedule DB - Part D - VBY

**NONE**

Schedule DB - Part E - VBY

**NONE**

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**

Schedule S - Part 1 - Section 2

**NONE**

Schedule S - Part 2

**NONE**



**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.**

**SCHEDULE S - PART 4**

**Reinsurance Ceded to Unauthorized Companies**

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Reserve Credit Taken	6 Paid and Unpaid Losses Recoverable (Debit)	7 Other Debits	8 Total (Cols. 5+6+7)	9 Letters of Credit	10 Trust Agreements	11 Funds Deposited by and Withheld from Reinsurers	12 Other	13 Miscellaneous Balances (Credit)	14 Sum of Cols 9+10+11+12+13 But Not in Excess of Col. 8
<b>NONE</b>													
1199999 Total													

**Schedule S-Part 5**  
**Five-Year Exhibit of Reinsurance Ceded Business**  
**(000 Omitted)**

	1 2006	2 2005	3 2004	4 2003	5 2002
<b>A. OPERATIONS ITEMS</b>					
1. Premiums.....	2	2	2	3	1
2. Title XVIII-Medicare.....	0	0	0	0	0
3. Title XIX-Medicaid.....	155	131	116	109	19
4. Commissions and reinsurance expense allowance.....		0	0	0	0
5. Total hospital and medical expenses.....		0	0	0	0
<b>B. BALANCE SHEET ITEMS</b>					
6. Premiums receivable.....		0	0	0	0
7. Claims payable.....		0	0	0	0
8. Reinsurance recoverable on paid losses.....	0	0	0	0	0
9. Experience rating refunds due or unpaid.....		0	0	0	0
10. Commissions and reinsurance expense allowances unpaid.....		0	0	0	0
11. Unauthorized reinsurance offset.....	0	0	0	0	0
<b>C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
12. Funds deposited by and withheld from (F).....	0	0	0	0	0
13. Letters of credit (L).....	0	0	0	0	0
14. Trust agreements (T).....	0	0	0	0	0
15. Other (O).....	0	0	0	0	0

**SCHEDULE S-PART 6**

**Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance**

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 10) .....	16,825,004	156,559	16,981,563
2. Accident and health premiums due and unpaid (Line 13).....	12,227	0	12,227
3. Amounts recoverable from reinsurers (Line 14.1).....	0		0
4. Net credit for ceded reinsurance.....	XXX	(156,559)	(156,559)
5. All other admitted assets (Balance).....	2,055,068		2,055,068
6. Total assets (Line 26)	18,892,299	0	18,892,299
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
7. Claims unpaid (Line 1).....	7,348,662	0	7,348,662
8. Accrued medical incentive pool and bonus payments (Line 2).....	866,186		866,186
9. Premiums received in advance (Line 8).....	168,320		168,320
10. Reinsurance in unauthorized companies (Line 18).....	0		0
11. All other liabilities (Balance).....	1,098,384		1,098,384
12. Total liabilities (Line 22).....	9,481,552	0	9,481,552
13. Total capital and surplus (Line 31).....	9,410,747	XXX	9,410,747
14. Total liabilities, capital and surplus (Line 32)	18,892,299	0	18,892,299
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
15. Claims unpaid.....	0		
16. Accrued medical incentive pool.....	0		
17. Premiums received in advance .....	0		
18. Reinsurance recoverable on paid losses .....	0		
19. Other ceded reinsurance recoverables .....	(156,559)		
20. Total ceded reinsurance recoverables .....	(156,559)		
21. Premiums receivable .....	0		
22. Unauthorized reinsurance .....	0		
23. Other ceded reinsurance payables/offsets .....	0		
24. Total ceded reinsurance payables/offsets .....	0		
25. Total net credit for ceded reinsurance .....	(156,559)		

**SCHEDULE T – PART 2  
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	Direct Business Only					Totals
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	AL					0
2. Alaska	AK					0
3. Arizona	AZ					0
4. Arkansas	AR					0
5. California	CA					0
6. Colorado	CO					0
7. Connecticut	CT					0
8. Delaware	DE					0
9. District of Columbia	DC					0
10. Florida	FL					0
11. Georgia	GA					0
12. Hawaii	HI					0
13. Idaho	ID					0
14. Illinois	IL					0
15. Indiana	IN					0
16. Iowa	IA					0
17. Kansas	KS					0
18. Kentucky	KY					0
19. Louisiana	LA					0
20. Maine	ME					0
21. Maryland	MD					0
22. Massachusetts	MA					0
23. Michigan	MI					0
24. Minnesota	MN					0
25. Mississippi	MS					0
26. Missouri	MO					0
27. Montana	MT					0
28. Nebraska	NE					0
29. Nevada	NV					0
30. New Hampshire	NH					0
31. New Jersey	NJ					0
32. New Mexico	NM					0
33. New York	NY					0
34. North Carolina	NC					0
35. North Dakota	ND					0
36. Ohio	OH					0
37. Oklahoma	OK					0
38. Oregon	OR					0
39. Pennsylvania	PA					0
40. Rhode Island	RI					0
41. South Carolina	SC					0
42. South Dakota	SD					0
43. Tennessee	TN					0
44. Texas	TX					0
45. Utah	UT					0
46. Vermont	VT					0
47. Virginia	VA					0
48. Washington	WA					0
49. West Virginia	WV					0
50. Wisconsin	WI					0
51. Wyoming	WY					0
52. American Samoa	AS					0
53. Guam	GU					0
54. Puerto Rico	PR					0
55. U.S. Virgin Islands	VI					0
56. Northern Mariana Islands	MP					0
57. Canada	CN					0
58. Aggregate Other Alien	OT					0
59. Totals		0	0	0	0	0

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Priority Health Government Programs, Inc.

**SCHEDULE Y**  
**PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES**

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
11520.....	32-0016523.....	Priority Health Government Programs.....		3,750,000			(8,278,784)				(4,528,784)	
	38-3085182.....	Priority Health Managed Benefits.....					8,278,784				8,278,784	
95561.....	38-2715520.....	Priority Health.....		(3,750,000)							(3,750,000)	
9999999 Control Totals			0	0	0	0	0	0	XXX	0	0	0

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# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

**MARCH FILING**

**Responses**

- 1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? .....YES.....
- 2. Will an actuarial opinion be filed by March 1? .....YES.....
- 3. Will the Risk-based Capital Report be filed with the NAIC by March 1? .....YES.....
- 4. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1? .....YES.....

**APRIL FILING**

- 5. Will Management's Discussion and Analysis be filed by April 1? .....YES.....
- 6. Will the Supplemental Investment Risks Interrogatories be filed by April 1? .....YES.....
- 7. Will the Accident and Health Policy Experience Exhibit be filed by April 1? .....YES.....

**JUNE FILING**

- 8. Will an audited financial report be filed by June 1? .....YES.....

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

**MARCH FILING**

- 9. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? .....NO.....
- 10. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? .....NO.....
- 11. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? .....NO.....
- 12. Will the Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? .....NO.....
- 13. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? .....NO.....

**APRIL FILING**

- 14. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1? .....NO.....
- 15. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? .....NO.....
- 16. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC? .....NO.....

**EXPLANATION:**

- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.

**BAR CODE:**

9.  1 1 5 2 0 2 0 0 6 3 6 0 5 9 0 0 0

10.  1 1 5 2 0 2 0 0 6 2 0 5 0 0 0 0 0

11.  1 1 5 2 0 2 0 0 6 2 0 7 0 0 0 0 0

12.  1 1 5 2 0 2 0 0 6 4 2 0 0 0 0 0 0

13.  1 1 5 2 0 2 0 0 6 3 6 5 5 9 0 0 0

14.  1 1 5 2 0 2 0 0 6 3 3 0 5 9 0 0 0

15.  1 1 5 2 0 2 0 0 6 2 1 1 5 9 0 0 0

16.  1 1 5 2 0 2 0 0 6 2 1 3 0 0 0 0 0

**OVERFLOW PAGE FOR WRITE-INS**

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